

COUNTY OF LOS ANGELES

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DEPARTMENT OF MENTAL HEALTH

<http://dmh.lacounty.gov>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601
Fax: (213) 386-1297

July 16, 2008

TO: Each Supervisor

FROM: Marvin J. Southard, D.S.W.
Director of Mental Health

SUBJECT: **JULY 2008 STATUS REPORT
FISCAL YEAR 2007-08 BUDGET DEFICIT MITIGATION PLAN
AND MENTAL HEALTH SERVICES ACT IMPLEMENTATION**

This report is to provide you with an update of the Department's status, previously reported on June 16, 2008, regarding the following efforts to:

- 1) Reduce a projected deficit in the current Fiscal Year (FY) 2007-08 Budget; and
- 2) Implement the Mental Health Services Act (MHSA) programs.

FY 2007-08 Budget

As of June 30, 2008, the Department is projecting that it will close the current fiscal year with a surplus of \$5.3 million, a decrease of approximately \$2.5 million since the last report. The change in financial status, as detailed more in the Attachment, is primarily a result of the following factors:

- The Chief Executive Office (CEO) has notified the Department that Vehicle License Fees (VLF) for FY 2007-08 are projected to fall short of the budgeted level by \$2,217,000, which is offset in part by additional FY 2006-07 VLF of approximately \$1,359,000 which were received by the County after the FY 2006-07 closing.
- In addition, the CEO has notified the Department that Sales Tax Realignment revenues for FY 2007-08 are projected to fall short of the budgeted level by \$3,861,000.
- The Department is projecting additional fiscal year savings of more than \$2.1 million, primarily as the result of lower than budgeted reimbursement for some contractors.

The Department is currently in the process of its year-end closing, including establishing its accounts payables and its revenue accruals. Therefore, final numbers will not be

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available until after this process is fully completed, so this will represent the last monthly report on our efforts to mitigate the FY 2007-08 deficit. We will provide your Board with a final report after year-end closing in late August.

Potential Impact of FY 2007-08 Financial Issues on FY 2008-09

The projected shortfall in VLF and Sales Tax Realignment revenues for FY 2007-08 may require the Department to identify curtailments for FY 2008-09 as part of the Supplemental Resolution process. The Department's Adopted Budget already included an unidentified curtailment of approximately \$2.3 million, for which the Department had delayed action pending the determination of any surplus from FY 2007-08.

The Department does not currently have revised numbers from the CEO for FY 2008-09, but the total impact of the VLF and Sales Tax Realignment could add as much as \$10.5 million to the unidentified curtailment because the Adopted Budget had projected an increase in VLF of more than \$4 million. In addition, at Supplemental Resolution, the Department will also need to identify funding for increased costs not included in the Adopted Budget, including charges from other County departments, increases in non-represented physician salaries, rate increases for State hospital beds, rate increases for Fee-For-Service inpatient beds, and maintenance of inpatient capacity within the Department of Health Services hospital system.

The Department and CEO will update your Board when additional information and proposed mitigation measures are available.

Overall MHSA Implementation Status

Since the last report on June 16, 2008, the following additional MHSA activities have been or are being accomplished:

Accomplishments		
Date	Milestone	Status
June 6, 2008	MHSA Agreement Addendum for FY 2008-09	Approved by the State
June 11, 2008	MHSA CalFHA housing program	Assignment letter signed transferring \$115 million to CalHFA to administer funding for the program
June 17, 2008	MHSA transformation plan for legal entity providers	Plan approved by Board of Supervisors
June 30, 2008	MHSA IT Plan	Draft completed. Public Posting scheduled for July 23, 2008
June 30, 2008	CSS Implementation Progress Report	Document completed. Public review and comment scheduled for July 14-August 15, 2008. Public Hearing scheduled on July 30, 2008.
July 1, 2008	FY 2008-09 CSS Plan Update and Growth Funding Plan	Posted for 30-day public comment

Upcoming Major Milestones		
Prevention and Early Intervention (PEI)	Plan for PEI in development stages in collaboration with stakeholders	As of June 30, 2008, all key informant interviews have been completed (53 interviews) and 29 of 60 focus groups have been conducted
Workforce Education and Training (WET)	Plan for WET currently in development and stakeholder discussion	Collection of need assessment data is complete and currently being analyzed. Developing a process to prioritize needs and identify strategies

Full Service Partnerships (FSP)

As of July 8, 2008, the number of available FSP slots increased for Transition Age Youth (TAY), Adults, and Older Adults due to the expansion of FSP programs to accommodate former Assembly Bill (AB) 2034 clients. The number of available slots for Children's FSP Programs remained the same. FSP authorizations increased for all age groups. Authorizations increased from the previous month as follows:

- **Children:** The number of available slots remained at 1,733. The number of authorizations increased from 1,247 to 1,392, an increase of 12%;
- **TAY:** The number of available slots increased from 1,100 to 1,147. The number of authorizations increased from 932 to 939, an increase of 1%;
- **Adults:** The number of available slots increased from 2,587 to 3,827. The number of authorizations increased from 2,790 to 2,999, an increase of 7%; and
- **Older Adults:** The number of available slots increased from 266 to 289; and authorizations increased from 224 to 285, an increase of 27%.

Field Capable Clinical Services (FCCS)

As of June 30, 2008, approximately 1,191 clients have been served through the FCCS program for older adults, an increase of 22% from the 978 clients served last month. Efforts are still underway to finalize an operational agreement with the Housing Authority of the County of Los Angeles-South Bay Gardens to govern co-location of FCCS staff at South Bay Gardens.

Wellness/Client Run Support Centers

As of June 30, 2008, approximately 6,233 clients have been served through Wellness/Client Run Centers during FY 2007-08. This is a 9% increase from the 5,741

Each Supervisor
July 16, 2008
Page 4

clients served last month. Two (2) Directly Operated Wellness Centers – Harbor UCLA and Hollywood Mental Health—have secured new sites and will be relocating in July 2008.

With the closing of the fiscal year, future MHSA implementation reports will be provided on a quarterly basis beginning on September 15, 2008.

If you have any questions regarding this report, please contact me at (213) 738-4601, or your staff may contact Robin Kay, Ph.D., Acting Chief Deputy Director, at 213-738-4108.

MJS:RK:KW:DWM:dkh/sk

Attachment

c: William T Fujioka, Chief Executive Officer
Sheila Shima, Deputy CEO
Robin Kay, Ph.D., Acting Chief Deputy Director

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DEPARTMENT OF MENTAL HEALTH
PLAN TO IMPLEMENT BUDGET MITIGATIONS FISCAL YEAR 2007-08

UPDATE FOR JUNE 2008

	Total	CEO Recommendation as of 2/28/08	
		<u>DMH Absorb</u>	<u>Bridge</u>
Shortfall of Contractor Mitigation for FY 2007-08	\$ (10,300,000)	\$ (2,600,000)	\$ (7,700,000)
Total Year-End Estimate as of May 31, 2008	\$ 7,868,000	\$ -	\$ 7,868,000
<u>Revisions for June 2008</u>			
Net Budget Status Report estimate for June 2008	\$ 2,149,000		\$ 2,149,000
Vehicle License Fee 2006-07 Collections Above Accrual	\$ 1,358,000		
Vehicle License Fee Shortfall (2007-08)	\$ (2,217,000)		\$ (2,217,000)
Sales Tax Realignment Shortfall	\$ (3,861,000)		\$ (3,861,000)
Subtotal June Revisions	\$ (2,571,000)	\$ -	\$ (3,929,000)
Total Year-End Estimate as of June 30, 2008	\$ 5,297,000	\$ -	\$ 3,939,000